

## **Press Release**

January 26 2012

### **‘Alarming’ North-South divide in Britons’ household finances**

A new report commissioned by debt charity Consumer Credit Counselling Service (CCCS) has revealed an alarming North-South divide in Britons’ household finances, with Northern households significantly more vulnerable to financial shocks than those in most of the rest of the UK. The *Debt and the Regions* report, produced by the Financial Inclusion Centre (FIC) for CCCS, found a “pronounced divide” in vulnerability to deteriorating household finances, growth in demand for debt advice and levels of mortgage difficulty between northern and southern regions – with evidence that London is increasingly becoming a major exception.

#### **Vulnerability to financial shocks**

- The analysis presented in the report estimates that 1.8 million households (8.9 percent) across Great Britain spend more than 25 percent of their income on unsecured debt repayments, with above-average rates in the North East (10.1 percent), North West (9.5 percent) and Yorkshire (9.1 percent).
- Mortgage and other secured debt repayments also weigh heavily on household incomes, with an estimated 1.6 million households (7.9 percent) across Great Britain spending more than half of their income on total (including secured) debt repayments. Rates in the North East (8.2 percent) and North West (8.8 percent) are above average by this measure.

#### **Growing demand for debt advice**

- The number of people experiencing problems with their debts counselled by CCCS more than doubled between 2005 and 2010 (increasing by 113 percent).

This growth was far more pronounced, however, in Scotland (153 percent), Wales (154 percent) and the North of England (124 percent in the North East and 145 percent in both the North West and Yorkshire)

### **Higher levels of mortgage difficulty**

- The report highlights that despite lower property prices, regions in the North of England, Scotland, Wales and Northern Ireland all have higher than average proportions of mortgages with payment problems for loans taken out between 2005 and 2010. The North of England, Wales and the Midlands suffered from higher than average repossessions during the same period.
- Northern regions are also the most affected by negative equity, with above-average proportions of “mortgage prisoners” (homeowners with insufficient equity in their homes to move to a different property) in the North East, North West, Yorkshire, Wales and the Midlands.

### **London is the exception**

- The report highlights London as an exception, with the capital bucking many trends in the North-South divide and a sense of two cities emerging. While the capital has higher than average earnings, relatively high levels of savings and low levels of mortgage difficulty, a very large number of Londoners remain financially vulnerable.
- Taking all factors into account, London tops the over-indebtedness league table. The FIC analysis estimates that a total of 257,000 households in the capital (9.7 percent) need to spend more than half of their income on repaying secured and unsecured debt – the highest proportion in Great Britain.

Commenting on the report, CCCS chairman Lord Stevenson said: “Households are struggling right across the UK, but northern regions – and the North of England in particular – are in a far more perilous position than elsewhere.

“Our previous research identified 6.2 million households as financially vulnerable – and it is crucial that we develop a better understanding of which areas are particularly high-risk, and why this happens, so that help can be better targeted to all who need it.”

The report can be downloaded at

[http://www.cccs.co.uk/Portals/0/Documents/media/reports/additionalreports/Report\\_Debt\\_and\\_the\\_regions.pdf](http://www.cccs.co.uk/Portals/0/Documents/media/reports/additionalreports/Report_Debt_and_the_regions.pdf)

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**Notes to editors:**

1. *Debt and the Regions* is the third and final report in the *Debt and the Family* research series, commissioned by CCCS to help inform understanding of personal debt across the UK. The previous reports, *Debt and Household Incomes* and *Debt and the Generations*, can be accessed at <http://www.cccs.co.uk/MediaCentre/Researchandreports.aspx>
2. CCCS's ethos is to help the "can't pays", not the "won't pays", and does not condone debt avoidance. CCCS always aims to help its clients pay back what they owe, in a realistic timescale and manner that is suited to each individual's situation.
3. CCCS is self-funding. Lenders share with the charity the benefit they receive from its operation, making a donation from the money repaid to them. This allows CCCS to retain its independence and ensure that its advice is always in the best interest of the client.
4. Financial Inclusion Centre is an independent research and policy innovation think-tank dedicated to promoting financial inclusion and fair, efficient, competitive and accountable financial markets. For general information on the Centre's work please see: [www.inclusioncentre.org.uk](http://www.inclusioncentre.org.uk)
5. The CCCS free phone helpline 0800 138 1111 is open 8am to 8pm, Monday to Friday.
6. CCCS *Debt Remedy* is available at [www.cccs.co.uk](http://www.cccs.co.uk)
7. Follow us on Twitter: @CCCSPressOffice

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